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Committee on Government Reform  
U.S. House of Representatives  
September 30, 2002

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## FACT SHEET

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# Are You Better Off Now Than You Were Two Years Ago?

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In the 1980 Presidential debates, Ronald Reagan asked the memorable question, “Are you better off than you were four years ago?” Over twenty years later, and almost two years into the term of President George W. Bush, this question is still relevant. An analysis of current indicators of the nation’s social and economic well-being shows that many are again declining.

### Economic Indicators

**Unemployment is increasing.** The unemployment rate averaged 4.1% in 2000 and reached a 30 year low of 3.9% in October 2000. Today, the unemployment rate has increased to 5.7%. There are presently 8.1 million unemployed Americans, an increase of 2.5 million compared to 2000.<sup>1</sup> The number of Americans experiencing long-term unemployment -- over 27 weeks -- has almost doubled in the last year.<sup>2</sup>

**Job creation has reversed.** In 2000, the year before President Bush took office, the economy created 1.7 million new jobs. This trend has been reversed, and the economy has lost almost 1.5 million jobs since President Bush took office in January 2001.<sup>3</sup>

**Poverty is increasing.** After decreasing for eight straight years and reaching its lowest level in 25 years, the poverty rate increased from 11.3% in 2000 to 11.7% in 2001. In the first year of the Bush Administration, 1.3 million Americans slipped back into poverty, with a total of 32.9 million Americans living in poverty in 2001.<sup>4</sup>

**Incomes are falling.** After increasing every year since 1991, and reaching an all time high in 2000, median household income in the United States fell 2.2% in 2001. Median incomes fell for households in every income group in the country except for those earning over \$150,000.<sup>5</sup>

**Hundreds of thousands of Americans are filing for bankruptcy.** Almost 800,000 Americans filed for bankruptcy in the first half of 2002. In the second quarter of 2002, over 400,000 bankruptcies were filed in the United States, an all-time high.<sup>6</sup>

**Mortgage foreclosures are at record highs.** In the second quarter of 2002, 1.23% of home loans were in the foreclosure process, a record level. Over this same time period, almost 5% of mortgage loans were delinquent, up almost 20% from the average delinquency rate in 2000.<sup>7</sup>

**The federal budget deficit is increasing.** In 2000, the year before President Bush took office, the federal budget, excluding Social Security, showed a surplus of \$86.6 billion. The most recent

figures from the Congressional Budget Office indicate that for FY 2002, the federal budget, excluding Social Security, will show a deficit of \$314 billion.<sup>8</sup> This represents the largest budget decline in U.S. history, and it is the third-largest on-budget deficit in history, exceeded in size only by the deficits of 1991 and 1992 under the first President Bush.<sup>9</sup>

### **Health Care Indicators**

**The number of Americans without health insurance is increasing.** Between 1999 and 2000, the number of uninsured Americans fell by 600,000.<sup>10</sup> But this trend has reversed itself and in 2001 the number of uninsured Americans increased by 1.4 million.<sup>11</sup> Over forty-one million Americans -- 14.6% of the population -- had no health insurance coverage in 2001.<sup>12</sup> The percentage of small businesses offering insurance to their employees fell by 10% between 2000 and 2002.<sup>13</sup>

**Health insurance costs are increasing rapidly.** Health insurance costs increased by 12.7% in 2002, the second consecutive year of double-digit increases and the largest annual increase in costs since 1990.<sup>14</sup>

**Prescription drug prices are rising rapidly.** Overall, prescription drug prices increased by almost twice the rate of inflation in 2001.<sup>15</sup> For seniors, who use the most prescription drugs, cost increases were even higher. The cost of the 50 most popular drugs for seniors increased by 7.8% in 2001, over three times the rate of inflation. The price of Prilosec, the most popular drug for seniors, increased at over four times the rate of inflation.<sup>16</sup>

### **Crime and Drug Use Indicators**

**The crime rate is increasing.** In 2000, the year before President Bush took office, the crime rate reached its lowest level since 1972. This represented the culmination of a 22% decrease in crime during the 1990s.<sup>17</sup> But in 2001, the crime rate increased by 2.2%. The murder rate increased by 3.1%, the robbery rate increased by 3.9%, and the rate of property crimes increased by 2.2%.<sup>18</sup>

**Drug use is increasing.** Drug use among all Americans increased by 13% between 2000 and 2001, including significant increases in the use of marijuana and cocaine. Among young adults, the percentage of drug users increased by over 20% between 2000 and 2001. The number of Americans in need of drug treatment increased from 4.7 million in 2000 to 6.1 million in 2001.<sup>19</sup>

### **Environmental Indicators**

**Air pollution is increasing.** Recently released data indicate that the number of times that air quality exceeded the health standard for ground-level ozone, or smog, almost doubled between 2000 and 2002.<sup>20</sup>

**Fuel economy is declining as global warming accelerates.** Automobile and light truck fuel economy declined in 2001, reaching their lowest levels since 1980.<sup>21</sup> Overall, average fuel economy levels have declined by 8% since reaching their peak in 1998. At the same time, 2001 was the second warmest year on record,<sup>22</sup> and areas across the country are experiencing their worst droughts in decades.<sup>23</sup>

## Endnotes

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